



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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June 2008

Money Tips for College Students: How to Make It, Use It and Save It

Learn to be credit smart

Once you start paying bills, you start building a credit score. If you have a history of paying bills late, it will be reported and affect the interest rate you pay on your credit card or car, your apartment deposit — even your car insurance! When you get a bill, pay it on time — every month.

A credit score is a number based on your payment history. Credit scores are used by lenders to help determine if people qualify for a particular credit card, loan, insurance or service. Most credit scores estimate the risk a company incurs by lending money or providing a person with a service — specifically, the likelihood that the person will make payments on time in the next two to three years. Generally, the higher your credit score, the less risk you represent.

Some people think you need a credit card to build a credit score. But if you open your utility accounts in your name instead of your parents' name and then get a store credit card and pay it off in full for a couple of months, you can build a quite respectable credit score in six months.

Want to pay more for everything you buy? Easy. Open a bunch of credit card accounts, charge your credit cards to the limit, then miss or make late payments. Any late payment stays on your credit report for seven years, even if you've paid off the creditor. It's better to start off on the right foot by establishing checking and savings accounts, using your credit cards sparingly and paying all your bills on time.

To learn how to plan and prepare for higher education, visit www.GoHigherKY.org. For more information about student financial aid, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602-0798; or call (800) 928-8926, extension 7381.

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